

SECRET
SECURITY INFORMATION

Project IP-273

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

Project Initiation Memorandum

25 February 1952

25X1A

To: D/M (Attention: [REDACTED])

From: D/R

Subject: Selected Information concerning Newsprint

Statement of Project

25X1A

Origin: OPC [REDACTED]

Responsible Branch: M/AG

25X1A

Analyst in Charge: [REDACTED]

Problem: To furnish information concerning newsprint as outlined in memorandum from OPC dated 20 February 1952

Scope: D/M (M/AG) will furnish as much information as is readily available on the followings:

1. Total imports of newsprint by tonnage and US dollar value for mainland China and Manchuria for average year in period 1946/1949, for 1950 under Chinese Communist control, and for 1951 under Chinese Communist control, broken down into (a) size (width of rolls, etc., dimensions of sheets) and grade (thickness of sheet - e.g., 52); (b) area of consumption (So. China, Central China, North China, and Manchuria); and (c) port of entry.
2. Present stocks of newsprint in Hong Kong by tonnage and value, and shipments en route to Hong Kong.
3. Extent to which speculative interests in Hong Kong will hoard newsprint on the possibility of rising prices, and in the face of a possible glut of newsprint in Hong Kong.

Deadline: 29 February 1952

Classification: As determined by D/M

Form of publication and distribution: Memorandum (original and 2 copies) for requester only

SECRET

20 February 1952

MEMORANDUM FOR: CHIEF, ORR, REPORTS DIVISION

SUBJECT : Request for Information Concerning Newsprint

REFERENCE : [REDACTED] 25X1A

1. It is requested that your office supply the following information concerning newsprint:

a. Statistics or estimates relative to mainland China and Manchuria.

(1) Total imports of newsprint by tonnage and US\$ value.

(a) For average year in period 1946/1949

(b) For 1950 under Chinese Communist Control

(c) For 1951 under Chinese Communist Control

(2) Breakdown of above into:

(a) Size (width of rolls, etc., dimensions of sheets) and grade (thickness of sheet - e.g., 52)

(b) Area of consumption (South China, Central China, North China, and Manchuria)

(c) Port of entry

b. Present stocks of newsprint in Hong Kong by tonnage and value, and shipments en route to Hong Kong.

c. The extent to which speculative interests in Hong Kong will hoard newsprint on the possibility of rising prices, and in the face of a possible glut of newsprint in Hong Kong.

25X1A

2. Questions pertaining to this request may be referred to [REDACTED] of this Office on Extension 3215.

25X1A

SECRET

Approved For Release 1999/09/27 : CIA-RDP79T01049A000600010001-0

SECURITY INFORMATION

REPORTS DIVISION

Editorial Review

Routing:

1. _____
2. _____
3. _____

Note: This cover sheet must accompany the draft under review at all times within D/R. When the draft is returned to the producing division, the date will be recorded, proper entry made in the log, and the cover sheet and attachments returned to the file. When the draft is again received in D/R, the cover sheet will be attached with notation of the date on it and in the log. The Initiation and Control Branch should be advised of the above transactions.

No drafts should be accepted by the Editors without an Editorial Review cover sheet.

Editors will advise the producing division promptly of the results of their initial review.

Project: IP-273

Received from: D/M

Subject: Selected Information Concerning
Newsprint

Date: 3 March 1952

Deadline for editing:

Remarks:

Reviewed in D/R by:

Date

(1) _____ (2) _____ (3) _____

Returned to Division: _____

Received in D/R: _____

Results of initial review communicated to
Division:

Returned to Division: _____

Received in D/R: _____

Date: _____ Time: _____ By: _____

Summary of Initial Review (use reverse side if necessary):

Final Draft approved by Division: _____ D/R: _____ Date: _____

WKJ (D/2) & Mr (OK)

Chief, D/R: _____ Date: _____

Cover sheet, attachments, editorial comments and edited draft will be returned to file upon completion of project.

Approved For Release 1999/09/27 : CIA-RDP79T01049A000600010001-0

SECRET

SECRET

Approved For Release 1999/09/27 : CIA-RDP79T01049A000600010001-0
SECURITY INFORMATION

Note: The classification of this memorandum must be raised to conform to the classification of the draft it covers.

Date 1 March 1952

MEMORANDUM FOR CHIEF, REPORTS DIVISION

SUBJECT: Transmission of Draft Report

ENCLOSURE: Project No. IP-273

(2 copies)

1. Enclosure is forwarded herewith for review and publication.
2. This draft report has been coordinated informally with the organizations checked below:

<u>Within O/RR:</u>		<u>Within CIA:</u>	<u>Outside CIA:</u>
D/A <input type="checkbox"/>	D/G <input type="checkbox"/>	O/GI <input type="checkbox"/>	State (OIR) <input type="checkbox"/>
D/M <input type="checkbox"/>	D/Z <input type="checkbox"/>	O/SI <input type="checkbox"/>	Army (G-2) <input type="checkbox"/>
D/S <input type="checkbox"/>	D/B <input type="checkbox"/>	O/NE <input type="checkbox"/>	Navy (ONI) <input type="checkbox"/>
D/I <input type="checkbox"/>		Other <input type="checkbox"/>	Air (OIN) <input type="checkbox"/>
			Other <input type="checkbox"/>

3. Maps and/or Graphics to be included in this report and arrangements completed for their production by the Geographic Division are as follows:

None.

4. The following distribution of the completed report is recommended:

<input type="checkbox"/> Standard	<input type="checkbox"/> Other (specify)
<input checked="" type="checkbox"/> Requester only	
<input type="checkbox"/> US Officials only	

5. Responsibility for consultation with D/R, while the project is under review, is assigned to 25X1A, ext. 2249.

6. Comments:

25X1A

V Materials
Division

SECRET

Approved For Release 1999/09/27 : CIA-RDP79T01049A000600010001-0

SECRET

25X1A

Selected Information Concerning Newsprint

(IP-273)

Reference is made to your request of 25 February 1952 for such information that is readily available on various aspects of newsprint imports to China. The following information has been compiled. There are few reliable sources and some of those readily available are vague and conflicting.

1. Consumption of all paper in Communist China is very low--less than one pound a head of population per year. To reach this meager amount it is necessary to import about 140,000 metric tons of paper per year of which over 40 percent or around 60,000 tons are newsprint.^{1/} Domestic production of paper and cardboard is estimated to be about equal to imports. In 1947 about 190,000 short tons were produced in China while in 1950 it dropped to around 130,000 short tons.^{1/} In these same years production of newsprint in China was about 7,000 short tons (1947) and up to around 25,000 short tons in 1950.^{2/} The trend of newsprint production in China is upward, augmented perhaps by reported new newsprint plant construction.

The increase in domestic production and the turning of trade toward the Soviet Bloc have resulted in less dependence on the West for newsprint.

From an average of around 68,000 tons of newsprint imported in 1935-39, imports from the West have fallen to an estimated 10,000 tons in 1951. This declining trend is shown in the following tabulation:

SECRET

Newsprint Imports from the West 2/

	<u>Thousand Short Tons</u>
1935-39	68.3
1948	53.9
1949	23.5
1950	15.0
1951	10.0

Newsprint import data is often conflicting and incomplete. The appended table gives the breakdown of imports by country of origin for some prewar and postwar years which is based on annual world surveys made cooperatively by the Newsprint Service Bureau and various bureaus of the Department of Commerce using foreign service reports.^{3/} Figures varied from those reported by the Food and Agriculture Organization.^{4/} Data for 1950 and 1951 are not readily available but much of China's imported newsprint comes from the USSR and Satellites. A recent report stated that 20 percent of China's newsprint requirement is thought to come from Poland.^{5/} However, no specific report is readily available, if at all, on newsprint imports from the Soviet Bloc.

Newsprint is exported to China from Hong Kong in three different forms: newsprint in reals, 31" 52 grams; newsprint in rolls, 31" 52 grams; and newsprint in sheets, 50 lbs 31" x 43". Most shipments in the past year have been of reams of newsprint in sheets, although it appears that newsprint in reals and rolls is available. The following tabulation^{5/6/7/} shows the extent of

SECRET

the exports of newsprint paper from Hong Kong to North, Middle, and South China and Macao for six-months periods July-December 1950 and January-June 1951. It should be noted that the prices show a substantial rise in 1951; reports show price fluctuations from month to month. For the 12-month period only newsprint in reams was reported exported from Hong Kong totalling about all of China's imports from the West.

Hong Kong exports of newsprint paper to China by areas for six-month periods July-December 1950, and January-June 1951 (data in short tons, US dollars*):

	<u>July-December 1950</u>	
	<u>Tons</u>	<u>US \$</u>
China - North	3,380	541,045
Middle	723	97,039
South	1,666	313,263
Macao	<u>340</u>	<u>47,071</u>
Total	6,109	998,418
	<u>January-June 1951</u>	
China - North	2,982	930,175
Middle	306	95,001
South	3,476	1,015,242
Macao	<u>273</u>	<u>66,530</u>
Total	7,037	2,106,948

2. On the basis of information readily available it is difficult to ascertain the present stocks of newsprint in Hong Kong. According to Hong Kong trade sources the newsprint over-supply in January 1952 is the worst in 12 years,

* Conversion rate used: US \$1.00 = HK \$6.50.

SECRET

SECRET

inferring that newsprint stocks there are valued at over Hong Kong \$90 millions,^{8/2/}
while in the same month there was "approximately 30 million dollars (worth of)
paper," including kraft, newsprint, and book type, stored in or en route to
Hong Kong.^{10/} It would be dangerous to attempt to compute the amount in volume
on the basis of such conflicting and vague reports.

3. It has been reported that because of the over-supply in Hong Kong
Chinese consignees are refusing to accept further delivery of paper.^{2/} In
the past, merchants when faced with heavy stocks were known to sell stocks at
below cost to meet banking obligations.^{6/}

SECRET

SECRET

China (including Hong Kong): Approximate Imports 1935-39 and 1946-49 a/

Country of Origin	Thousands of Short Tons									
	1935	1936	1937	1938	1939	1946	1947	1948	1949	
United States	11	1	3		4	2.5		0.3	0.4	
Canada	48	24	16		1	25.3	35.8	25.1	6.3	
United Kingdom			2	1			0.1	0.1	0.3	
Finland			5	1		6.6	0.7	3.5	2.1	
Sweden	8	3	11	1	4	1.0	6.4	9.0	9.9	
Norway	5		11	4	3	13.0	8.8	19.5	25.6	
Germany	18	43	53	10	16					
Netherlands							0.1	0.1	0.7	
Austria			5						2.5	
Italy			3				0.3			
Czechoslovakia			4	1			0.1	0.1		
Japan		10			20	0.6	1.4			
Australia						1.2				
Russia								11.7		
Total	90	61	113	18	48	50.2	53.7	69.4	47.8	

a. Imports = approximate export figures of principal supplying countries.

SECRET

SECRETSource Footnotes

25X1C

2. Pulp and Paper in East-West Trade, ECA; F and TP, East-West Trade Studies No. 7, (Preliminary Draft). 10 October 1951. (Secret)

3. Hearings before the Subcommittee on Study of Monopoly Power of the Committee of the Judiciary House of Representatives, 81st Congress, 2nd Session. Serial 14 part 68, Newsprint Exhibits, Washington, 1950.

4. Yearbook of Forest Products Statistics 1947, 1948, 1949, and 1950. Food and Agriculture Organization of the United Nations. Washington, D. C.

25X1A

5.

6.

7. Discussion with Forest Service, USDA.

8.

9.

10.

25X1A

SECRET